

FRIDAY, DECEMBER 3, 2004

Notice having been duly given, the regular meeting of the South Coast Air Quality Management District Board was held at District Headquarters, 21865 Copley Drive, Diamond Bar, California. Members present:

William A. Burke, Ed.D., Chairman
Speaker of the Assembly Appointee

Supervisor S. Roy Wilson, Ed.D., Vice Chairman
County of Riverside

Supervisor Michael D. Antonovich
County of Los Angeles

Ms. Jane W. Carney
Senate Rules Committee Appointee

Councilmember William S. Craycraft (arrived at 9:30 a.m.)
Cities of Orange County

Mayor Beatrice J. S. LaPisto-Kirtley
Cities of Los Angeles County - Eastern Region

Councilmember Jan Perry (left at 9:25 a.m.)
Cities of Los Angeles County – Western Region

Supervisor Bill Postmus
County of San Bernardino

Supervisor James W. Silva
County of Orange

Ms. Cynthia Verdugo-Peralta
Governor's Appointee

Councilmember Dennis R. Yates
Cities of San Bernardino County

Members Absent:

Mayor Ronald O. Loveridge
Cities of Riverside County

CALL TO ORDER: The meeting was called to order by Chairman Burke at 9:15 a.m.

- Pledge of Allegiance: Led by Ms. Verdugo-Peralta.
- Opening Comments

Dr. Barry R. Wallerstein, Executive Officer. Announced that staff: 1) requested that the December 17, 2004 meeting time denoted in Agenda Item 33 [*Stationary Source Committee*] be changed from 10:30 a.m. to 9:00 a.m.; and 2) provided an errata sheet related to Agenda Item 26 [*Status Report on Rule 1421 - Control of Perchloroethylene Emissions from Dry Cleaning Systems*] identifying typographical errors.

Chairman Burke. Announced that Item 39B would be taken out of order due to scheduling conflicts by some members of the Board.

BOARD CALENDAR

- 39B. Approve Resolution Requesting Additional Two-Dollar Increase in Vehicle Registration Fees Strictly for Incentive Programs Until 2015

Dr. Wallerstein noted that AB 923 provides additional funding for the Carl Moyer and school bus programs, as well as two new funding components for agricultural sources and light-duty vehicle programs; and that additional funding is necessary to implement the AQMP as approved by CARB.

The following individuals addressed the Board to comment on Item No. 39B.

Steve Pastor, Executive Director, Riverside County Farm Bureau, expressed support for the two-dollar increase and noted that it would only be allowed to be used for making air quality improvements in the four areas of the Carl Moyer program. (Submitted written comments)

John Dunlap, Milk Producers Council, expressed support for the expansion of the Carl Moyer program to include agricultural sources and encouraged the Board to adopt staff's recommendation.

ON MOTION OF DR. WILSON, SECONDED BY MS. LaPISTO-KIRTLEY, THE BOARD ADOPTED RESOLUTION NO. 04-29, AUTHORIZING THE EXECUTIVE OFFICER TO FORWARD A FUNDING REQUEST TO THE CALIFORNIA DEPARTMENT OF MOTOR VEHICLES TO INCREASE VEHICLE REGISTRATION FEES PRIOR TO JANUARY 1, 2005, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Carney, LaPisto-Kirtley, Perry, Silva, Verdugo-Peralta, Yates, and Wilson.

NOES: Postmus.

ABSENT: Craycraft and Loveridge.

ABSTAIN: None

(Ms. Perry left at 9:25 a.m.)

- Recognize Employees with Twenty-Five, Thirty, and Thirty-Five Years of Service

Eudora Tharp, Assistant DEO of Administrative and Human Resources, read the names of the employees as follows:

Twenty-Five years: Elaine Hara, Rich Tambara, Mike Mills, Aida Ganaden, Roger Christopher, Mariano Vargas, Rose Uychocde, Paul Aunchman, Theresa Van Andler, Rick Pearce, Pat Hotra, Joyce Hill, and Michael Gonzalez.

Thirty years: Linda Koenig, Chuck Decker, Raquel Chavira, Marty Kay, Linda Jenkins, Michael Czap, and Russ Juranek.

Thirty-Five years: Maria Cruz.

Chairman Burke thanked the employees for their dedicated service.

CONSENT CALENDAR

1. Minutes of November 5, 2004 Board Meeting
2. Set Public Hearings January 7, 2005 to Consider Amendments and/or Adoption to AQMD Rules and Regulations to:
 - (A). Amend Regulation XX - REgional CLean Air Incentives Market
 - (B). Amend Rule 1146.2 - Emissions of Oxides of Nitrogen from Large Water Heaters and Small Boilers
 - (C). Amend Rule 1168 – Adhesive and Sealant Applications
- 3A. Execute Contract to Conduct Survey and Prepare Guidance Document for Appropriate School Site Selection
- 3B. Execute Contract for Legislative Representation in Sacramento, California

4. Execute Contract to Cosponsor Development and Certification of Natural Gas-Powered Ford Crown Victoria and E-450 Cutaway Vehicle
5. Execute Contracts to Cosponsor Demonstration of Natural Gas Stationary Fuel Cells in South Coast Air Basin
6. Award Multiple Contracts for Natural Gas Refueling Station Infrastructure, De-Obligate Prior Funding Commitments and Reissue RFP
7. Execute Sole-Source Contract to Cosponsor Development of Heavy Heavy-Duty Natural Gas Engine Meeting Future Emission Standards
8. Execute Contracts to Develop and Demonstrate Hydrogen Fueling Stations
9. Execute Contracts for Technical Assistance for Advanced, Low- and Zero-Emission Mobile and Stationary Source Pollution Control Technologies
10. Modify Allocation to Upgrade and Expand Existing Liquefied Natural Gas Fueling Infrastructure with Orange County Transportation Authority
11. Issue RFP to Install Solar Electric System at AQMD Headquarters
12. Reallocate Rule 2202 AQIP Funds to Assist in Purchase of 2004 Model Year Passenger Vehicles for Taxicab Services and De-Obligate Prior Funding Commitments
13. Appropriate Funds from Designation for Litigation and Enforcement and Authorize Amending Existing Contracts to Expend Such Funds
14. Establish List of Prequalified Vendors to Provide Library Services and Supplies
15. Establish Lists of Prequalified Vendors to Provide Mailing Services and Automotive Mechanical Repair and Service
16. Recognize and Appropriate Funds for Special Particulate Air Monitoring Program
17. Approve RFP Issuance and Multiple Contract Awards as Part of MSRC's FY 2004-05 AB 2766 Discretionary Fund Work Program; Grant MSRC Authority to Adjust Project Costs Up to Five Percent; and Authorize Board Chairman to Execute Agreements
18. Amend AQMD Conflict of Interest Code
19. Public Affairs Report

20. Hearing Board Report
21. Civil Filing and Civil Penalties Report
22. Status Report on Major Projects for Information Management Scheduled to Start During First Six Months of FY 2004-05
23. Lead Agency Projects and Environmental Documents Received by AQMD
24. Rule and Control Measure Forecast
25. Notification of OEHHA's Finalization of Cancer Potency Factors
26. Status Report on Rule 1421 - Control of Perchloroethylene Emissions from Dry Cleaning Systems
27. Best Available Control Technology Guidelines Report and Amendments

Agenda Item 3(B) was withheld for discussion. Ms. Verdugo-Peralta indicated she would abstain from Item 2(A) because Southern California Edison is a source of income. Mr. Yates indicated he would abstain from Items 6 and 17 because of a campaign contribution from Waste Management. Mr. Postmus indicated he would abstain from Item 6 due to a campaign contribution from Waste Management and on Item 17 due to a campaign contribution from Waste Management and Yeager Skanska. Dr. Wilson and Mr. Antonovich indicated they would abstain from Items 6 and 17 due to a conflict of interest and Mr. Silva indicated he would abstain from Item 1.

MS. LaPISTO-KIRTLEY MOVED APPROVAL OF AGENDA ITEMS 1, 2, 3A, 4, 5, 7 THROUGH 16, AND 18 THROUGH 27; AS RECOMMENDED BY STAFF, WITH THE FOLLOWING MODIFICATIONS TO ITEM 26:

"Page 2, paragraph 4, line 4 - "Halogenated Solvent Industry" to "Halogenated Solvent Industry Alliance representing the manufacturers of perc."

Page 3, paragraph 4, line 1 and page 5, paragraph 4, line 4 - "Dow Chemical" to "Dow Corning".

Page 3, paragraph 6, lines 4 and 7 - "1-bromopropane" to "1-bromopropane". And line 7 "OHEEA" to "OEHHA".

Page 5, paragraph 4, line 1 - "number" to "use". Page 5, paragraph 4, line 3 - "initiated" to "published".

THE MOTION WAS SECONDED BY MS. VERDUGO-PERALTA AND CARRIED BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Carney, LaPisto-Kirtley, Postmus, Silva *[except Item 1]*, Verdugo-Peralta *[except Item 2(A)]*, Wilson, and Yates.

NOES: None.

ABSTAIN: Silva *[on Item 1 only]*, and Verdugo-Peralta *[on Item 2(A) only]*.

ABSENT: Craycraft, Loveridge and Perry.

With Board Members Antonovich, Postmus, Wilson, and Yates, indicating they would abstain on Item No. 6 and 17, there was not a quorum of Board Members (7) to take action on the Items.

AGENDA ITEMS 6 AND 17 WERE BY OPERATION OF BOARD PROCEDURES CONTINUED TO THE JANUARY 7, 2005 BOARD MEETING.

(Mr. Craycraft arrived at 9:30 a.m.)

28. Items Deferred from Consent Calendar

3B. Execute Contract for Legislative Representation in Sacramento, California

Mr. Yates noted his objection to hiring an additional consulting firm at a cost of \$300,000 a year for three firms to represent the District in Sacramento. He noted the need for the District to hire additional inspectors and questioned why one firm rather than three could not be hired to represent the District.

Dr. Wallerstein noted staff's desire was to add a new consultant familiar with how the Governor's office functions, who could provide further representation with the diverse membership of the Legislature and assist with upcoming issues, seek additional funding for the LERP program and Board initiatives, and assist with anticipated bills viewed as "hostile" action toward the District that will have to be defended.

Ms. Verdugo-Peralta, Ms. LaPisto-Kirtley, Mr. Antonovich, Mr. Postmus, and Mr. Craycraft expressed support to contract with California Strategies and to have the Legislative Committee review the matter in one year to determine if any necessary adjustments are needed.

They noted that the District has been getting results from its investment with Senator Polanco and Mr. Lind, and that there is a need to have a lobbying group to interface with the Governor's office and Legislature.

ON MOTION OF DR. WILSON, SECONDED BY MS. LaPISTO-KIRTLEY, THE BOARD APPROVED AGENDA ITEM NO. 3B, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Carney, Craycraft,
LaPisto-Kirtley, Postmus, Silva,
Verdugo-Peralta, and Wilson.

NOES: Yates.

ABSENT: Loveridge and Perry.

BOARD CALENDAR (Continued)

- 29. Administrative Committee
- 30. Investment Oversight Committee
- 31. Legislative Committee
- 32. Mobile Source Committee
- 33. Stationary Source Committee
- 34. Technology Committee
- 35. Mobile Source Air Pollution Reduction Review Committee
- 36. California Air Resources Board Monthly Report (No Written Material - Transcripts of the meetings are available at CARB's web site, www.arb.ca.gov)
- 37. California Fuel Cell Partnership Steering Team Meeting

ON MOTION OF MR. CRAYCRAFT, SECONDED BY MR. SILVA, AND UNANIMOUSLY CARRIED (Absent: Loveridge and Perry), THE BOARD RECEIVED AND FILED AGENDA ITEMS 29 THROUGH 37, AS RECOMMENDED BY STAFF.

38. Annual Status Report on Rule 1113 - Architectural Coatings

Staff waived the oral report. The following individual addressed the Board to comment on Item No. 38.

Rachael Stanger, National Paint & Coatings Association (NPCA), noted NPCA'S commitment to achieve realistic feasible VOC reduction limits, and expressed concern that: 1) staff's analysis and testing do not represent industry's ability to meet current VOC limits; 2) the Technical Advisory Committee's (TAC) recommendations were not followed; 3) the outreach program survey became threatened violations to coating manufacturers; and 4) the ongoing technology assessment is insufficient.

Laki Tisopulos, Assistant DEO of Planning, Rule Development, and Area Sources, noted that staff's analysis indicates an increasing number of compliant coatings entering the market on a daily basis. The University of Missouri, Rolla Coatings Institute was hired to analyze selected coating systems per recommendation of the TAC. The results will be available by July 2006 and a detailed presentation will be made to the Board.

Dr. Wallerstein noted that it would be appropriate for NPCA to meet with him to discuss its concerns on the test procedures, and that a report would be given to the Stationary Source Committee.

THE BOARD RECEIVED AND FILED AGENDA ITEM 38, AS
RECOMMENDED BY STAFF.

39A. Staff Recommendations Regarding Controlling Emissions from Restaurant Operations

Staff waived the oral report on Agenda Item 39A.

ON MOTION OF MS. VERDUGO-PERALTA, SECONDED BY MS. LaPISTO-KIRTLEY, AND UNANIMOUSLY CARRIED (Absent: Loveridge and Perry), THE BOARD: 1) MADE FINDINGS OF INFEASIBILITY; 2) APPROVED SUBSTITUTION OF EMISSION REDUCTIONS; AND 3) APPROVED IN CONCEPT UP TO EIGHT NEW OR RETROFIT DEMONSTRATION PROJECTS FOR A TOTAL AMOUNT NOT TO EXCEED \$200,000 FROM RULE 1309.1 – PRIORITY RESERVE FUND, AS RECOMMENDED BY STAFF.

PUBLIC HEARINGS

40. Adopt Rule 1157 - PM10 Emission Reductions from Aggregate and Related Operations

Staff recommended that this item be continued to the January 7, 2005 Board meeting.

Ms. Carney indicated that she would abstain on Item No. 40 because Maruhachi Ceramics of America Inc., Delilah Properties Inc., J.R. Pipeline, and Inland Concrete Enterprises Inc. are sources of income.

The public hearing was opened, and

ON MOTION OF DR. WILSON, SECONDED BY MS. LaPISTO-KIRTLEY, THE BOARD CONTINUED AGENDA ITEM 40, TO THE JANUARY 7, 2005 BOARD MEETING, AS RECOMMENDED BY STAFF, BY THE FOLLOWING VOTE:

AYES: Antonovich, Burke, Craycraft, LaPisto-Kirtley, Postmus, Silva, Verdugo-Peralta, Wilson, and Yates.

NOES: None.

ABSTAIN: Carney.

ABSENT: Loveridge and Perry.

Written Comments Submitted by:
Mayor John Fasana, City of Duarte

41. Amend Rule 1145 - Plastic, Rubber, Leather and Glass Coatings

Ms. Carney indicated that she had a conflict of interest on Item 41 because TMI Manufacturing is a source of income; and that she was advised by District Counsel to recuse herself and leave the dais during testimony.

Staff waived the oral report on Agenda Item 41. The public hearing was opened, and the Board heard testimony from the following individual.

RITA LOOF, Radtech International

Acknowledged staff's work on Rule 1145 and their willingness to meet and address industry's concerns.

There being no further public testimony on this item, the public hearing was closed.

Written Comments Submitted by:

Daniel G. Kovarik, Vice President and General Manager, Hilemn
Louis Fideler, President, Head West, Inc.

ON MOTION OF DR. WILSON, SECONDED BY MS. VERDUGO-PERALTA, AND UNANIMOUSLY CARRIED (Absent: Carney, Loveridge, and Perry), THE BOARD ADOPTED RESOLUTION NO. 04-30, AMENDING RULE 1145 AND CERTIFYING THE CEQA FINAL ENVIRONMENTAL ASSESSMENT, AS RECOMMENDED BY STAFF.

42. Adopt Proposed Rule 312 - Permitting and Associated Fees for Agricultural Operations, and Amend Rules 102, 201, 201.1, 202, 203 and 219

Larry Bowen, Planning & Rules Manager, gave the staff report.

The public hearing was opened, and the Board heard testimony from the following individuals.

BRUCE SCOTT, Vice President, Riverside County Farm Bureau, representing Los Angeles, Orange, Riverside, and San Bernardino Farm Bureaus

Expressed support for staff's decision to not seek to permit facilities under the SB700 threshold for the next year; and suggested that an outreach effort be initiated, and a complete industry and socioeconomic analysis be conducted during the working group process. (Submitted written comments)

JOHN DUNLAP, Milk Producers Council

Expressed support for staff's decision to not seek to permit facilities under the SB700 threshold for the next year; noted its inability to pass along additional costs to the consumer for newly imposed fees; expressed concern with the development of a rule that permits herd sizes; and expressed appreciation that the working group addressed many of industry's issues. The remaining issues are: 1) how affected facilities will be identified; 2) how emissions limits will be calculated; and 3) how permit conditions are determined.

There being no further public testimony on this item, the public hearing was closed.

ON MOTION OF MS. VERDUGO-PERALTA, SECONDED BY MS. LaPISTO-KIRTLEY, AND UNANIMOUSLY CARRIED (Absent: Loveridge and Perry), THE BOARD ADOPTED RESOLUTION NO. 04-31, ADOPTING RULE 312 AND AMENDING RULES 102, 201, 201.1, 202, 203, AND 219, AND CERTIFYING THE NOTICE OF EXEMPTION FROM CEQA, AS RECOMMENDED BY STAFF.

PUBLIC COMMENT PERIOD

(Public Comment on Non-Agenda Items, Pursuant to Government Code Section 54954.3)

There was no public comment on non-agenda items.

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Ms. LaPisto-Kirtley gave a slide presentation on what she learned about nano particles/ultra fines during her trip to Switzerland.

In summary, Ms. LaPisto-Kirtley noted that combustion engines create potential health problems due to nano particles/ultra fines that are 100 to 200 times smaller than current regulated PM10 particles. The nano particles/ultra fines stay in the air, take longer to fall to the ground, go deep into the lungs and body, get into blood cells and do not wash out of the body. In Switzerland all construction equipment greater than 37 kilowatts must have a particulate trap if used at construction sites and residential areas, and they are focusing on nano particle legislation. The AQMD measures mass, however, emission measurements need to be changed to include number counting and composition of particulates, because small particles have very little mass but easily penetrate and stay in the body.

Ms. LaPisto-Kirtley directed staff to provide the Board with a summary report of the health affects of nano particles/ultra fines and what can be done to reduce the impacts including improving the quality of lube oil that is used in cars, and using particle number and composition along with mass when reducing emissions.

Dr. Wallerstein recommended that a report be provided to the Mobile Source Committee on this issue, control options, policies that may be available, and how they do or do not dovetail with CARB's current research and regulatory plans.

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CLOSED SESSION

The Board recessed to closed session at 10:15 a.m. pursuant to Government Code section 54956.9(a) to confer with its counsel regarding pending litigation which has been initiated formally and to which the District is a party. The actions are: Engine Manufacturers Association, et al. v. SCAQMD, et al., United States District Court Case No. CV00-09065 FMC (BQRx); Western States Petroleum Association v. SCAQMD, et al., Los Angeles Superior Court Case No. BS 087190; and People of the State of California ex rel SCAQMD v. BP West Coast Products, LLC, et al., Los Angeles Superior Court Case No. BC291876.

ADJOURNMENT

Following closed session, District Counsel Kurt Wiese announced that the Board took no reportable action in closed session, and the meeting was adjourned at 10:35 a.m.

The foregoing is a true statement of the proceedings held by the South Coast Air Quality Management District Board on December 3, 2004.

Respectfully Submitted,

ROSE JUAREZ
Senior Deputy Clerk

Date Minutes Approved: _____

Dr. William A. Burke, Chairman

ACRONYMS

AQIP = Air Quality Investment Program

CARB = California Air Resources Board

CEQA = California Environmental Quality Act

FY = Fiscal Year

LERP = Large-Scale Emission Reduction Program

MSRC = Mobile Source (Air Pollution Reduction) Review Committee

OEHHA = Office of Environmental Health Hazard Assessment

PM₁₀ = Particulate Matter ≤ 10 microns

RFP = Request for Proposals

VOC = Volatile Organic Compound